

Populist Caucus Endorses Wall Street Transaction Fee Legislation

Washington, DC – As Congress continues working to strengthen America’s Main Street communities, members of the House Populist Caucus announced today its endorsement of new legislation instating a transaction fee on securities. The Let Wall Street Pay for the Restoration of Main Street Act of 2009 will assess a small fee on Wall Street day traders to pay down the national deficit and invest in America’s middle class families. The legislation is cosponsored by 13 members of the Populist Caucus.

Populist Caucus

Chairman Rep. Bruce Braley (IA-01), Vice Chair Rep. Peter DeFazio (OR-04), Vice Chair Rep. Michael Arcuri (NY-24), Vice Chair Rep. Betty Sutton (OH-13), Rep. Steve Kagen (WI-08) and Rep. Mazie Hirono (HI-02) were joined by Senator Tom Harkin (D-IA) and Rep. Ed Perlmutter (CO-07) at a press conference announcing the legislation.

“One of the founding principles of the Populist Caucus is to fight for working families by creating and retaining good paying jobs,” Braley said. “For the past eight years, our economic policies have put the interests of Wall Street ahead of the interests of Main Street Americans. The reasons we introduced the Wall Street transaction tax today is because we need to get our economy working again for Middle Class families. That’s who we’re fighting for every day and that is who our federal government should be fighting for.”

“Our nation continues to be crippled by a struggling economy which has resulted in an astronomical unemployment rate of 10.2 percent,” DeFazio said. “The American taxpayers bailed out Wall Street during a crisis brought on by reckless speculation in the financial markets. This legislation will force Wall Street to do their part and put people displaced by that crisis back to work.”

The bill is also cosponsored by Populist Caucus members Rep. Bob Filner (CA-51), Rep. Tom Perriello (VA-05), Rep. Peter Welch (VT-At Large), Rep. Phil Hare (IL-17), Rep. Jan Schakowsky (IL-09), Rep. Hank Johnson (GA-04), Rep. Carol Shea Porter (NH-01), Rep. Jackie Speier (CA-12).

The legislation will assess a small securities fee on the following transactions:

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Stock transactions (tax rate will be 1/4 of 1 percent--0.25%),

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Futures contracts to buy or sell a specified commodity of standardized quality at a certain date in the future, at a market determined price (tax rate will be 0.02%),

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Swaps between two firms on certain benefits of one party's financial instrument for those of the other party's financial instrument (tax rate will be 0.02%)

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Credit default swaps where a contract is swapped through a series of payments in exchange for a payoff if a credit instrument (typically a bond or loan) goes into default (fails to pay) (tax rate will be 0.02%),

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And options, which are contracts between a buyer and a seller that gives the buyer the right, but not the obligation, to buy or to sell a particular asset on or before the option's expiration time, at an agreed price (at the rate of the underlying asset).

To ensure the tax is appropriately targeted to speculators and has no impact on the average investor and pension funds, the tax will be refunded for:

1) tax-favored retirement accounts,

2) education savings accounts,

3) health savings accounts,

4) mutual funds and,

5) the first \$100,000 of transactions annually that are not already exempted.